

**ST. MARY PARISH
TOURIST COMMISSION**
Patterson, Louisiana

Financial Report

Year Ended September 30, 2013

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date APR 16 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
St. Mary Parish Tourist Commission
Patterson, Louisiana

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the St. Mary Parish Tourist Commission (hereinafter "Commission"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2013, and the related notes to the financial statements which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Commission as of September 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 13 to the financial statements, the Commission implemented the provisions of the Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison information on pages 26 through 28 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Commission has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2014, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 27, 2014

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Statement of Net Position
September 30, 2013

	<u>Governmental Activities</u>
 ASSETS	
Cash and interest-bearing deposits	\$ 939,943
Investments	858,417
Due from other governmental units	118,127
Capital assets:	
Not being depreciated	4,572,339
Net of accumulated depreciation	298,210
Deferred charges - bond issue costs	<u>14,145</u>
 TOTAL ASSETS	 <u>6,801,181</u>
 LIABILITIES	
Accounts, salaries, and other payables	35,582
Long term liabilities:	
Due within one year	170,000
Due in more than one year	<u>1,195,000</u>
 TOTAL LIABILITIES	 <u>1,400,582</u>
 NET POSITION	
Invested in capital assets, net of related debt	4,075,928
Restricted for:	
Economic development and tourism	428,958
Unrestricted	<u>895,713</u>
 TOTAL NET POSITION	 <u>\$ 5,400,599</u>

The accompanying notes are an integral part of the financial statements.

ST. MARY PARISH TOURIST COMMISSION

Patterson, Louisiana

Statement of Activities
Year Ended September 30, 2013

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Fees, Commissions, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contribution	
Governmental activities:					
Culture and tourism	\$ 894,876	\$ 21,478	\$ 620,959	\$ 455,388	\$ 202,949
Interest on debt	59,061	-	-	-	(59,061)
Total governmental activities	<u>\$ 953,937</u>	<u>\$ 21,478</u>	<u>\$ 620,959</u>	<u>\$ 455,388</u>	<u>143,888</u>
General revenues:					
Hotel-motel tax					717,066
Interest and investment earnings					<u>713</u>
Total general revenues					<u>717,779</u>
Change in net position					861,667
Net position - October 1, 2012					<u>4,538,932</u>
Net position - September 30, 2013					<u>\$ 5,400,599</u>

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

MAJOR FUND DESCRIPTION

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Fund

Tourism and Economic Growth Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue sources, the expenditures for which are legally restricted for purposes specified by law.

Debt Service Fund

Economic Development Bonds, Sinking Fund

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Capital Projects Fund

Economic Development Bonds, Project Fund

The Capital Projects fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Balance Sheet
Governmental Funds
September 30, 2013

	<u>General</u>	<u>Tourism and Economic Growth</u>	<u>Economic Development Bonds, Sinking</u>	<u>Economic Development Bonds, Project</u>	<u>Total Governmental Funds</u>
ASSETS					
Assets:					
Cash and interest bearing deposits	\$ 281,269	\$ 267,188	\$ 4,404	\$ 387,082	\$ 939,943
Investments	692,608	165,802	-	7	858,417
Due from other governments	<u>118,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,127</u>
Total assets	<u>\$1,092,004</u>	<u>\$ 432,990</u>	<u>\$ 4,404</u>	<u>\$ 387,089</u>	<u>\$ 1,916,487</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 5,393	\$ 4,032	\$ -	\$ -	\$ 9,425
Accrued liabilities	<u>2,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,947</u>
Total liabilities	<u>8,340</u>	<u>4,032</u>	<u>-</u>	<u>-</u>	<u>12,372</u>
Fund balances:					
Restricted	-	428,958	4,404	387,089	820,451
Unassigned	<u>1,083,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,083,664</u>
Total fund balances	<u>1,083,664</u>	<u>428,958</u>	<u>4,404</u>	<u>387,089</u>	<u>1,904,115</u>
Total liabilities and fund balances	<u>\$1,092,004</u>	<u>\$ 432,990</u>	<u>\$ 4,404</u>	<u>\$ 387,089</u>	<u>\$ 1,916,487</u>

(continued)

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Balance Sheet (continued)
Governmental Funds
September 30, 2013

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:

Total fund balances for governmental funds at September 30, 2013 \$ 1,904,115

Total net assets reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of

Land	\$ 135,163	
Construction in progress	4,437,176	
Building and improvements, net of accumulated depreciation	134,165	
Improvements other than buildings, net of accumulated depreciation	148,623	
Furniture and equipment, net of accumulated depreciation	1,556	
Exhibits and kiosks, net of accumulated depreciation	<u>13,866</u>	4,870,549

Bond issue costs are deferred and amortized over the life of the related debt and therefore are not reported as other assets in the funds:

Bond issuance costs	30,080	
Accumulated amortization	<u>(15,935)</u>	14,145

Noncurrent liabilities, including bonds payable, not due and payable in the current period and therefore are not reported as liabilities in the funds:

Bonds payable	(1,365,000)	
Accrued interest payable	<u>(23,210)</u>	<u>(1,388,210)</u>

Net position at September 30, 2013 \$ 5,400,599

The accompanying notes are an integral part of the financial statements.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2013

	General	Tourism and Economic Growth	Economic Development Bonds, Sinking	Economic Development Bonds, Project	Total Governmental Funds
Revenues:					
Local sources-					
Advertising and promotion	\$ 11,300	\$ -	\$ -	\$ -	\$ 11,300
Expeditions and tours	17,678	-	-	-	17,678
Intergovernmental	168,163	509,300	-	391,088	1,068,551
Hotel/Motel tax	717,066	-	-	-	717,066
Interest income	585	128	-	-	713
Miscellaneous income	297	-	-	-	297
Total revenues	<u>915,089</u>	<u>509,428</u>	<u>-</u>	<u>391,088</u>	<u>1,815,605</u>
Expenditures:					
Current -					
Culture and tourism					
Advertising and promotion	371,045	47,164	-	-	418,209
Professional fees	149,865	-	-	-	149,865
Office expense	47,502	20	-	-	47,522
Repairs and maintenance	16,206	-	-	-	16,206
Salaries and related benefits	213,849	-	-	-	213,849
Travel and conventions	15,551	-	-	-	15,551
Utilities	16,122	-	-	-	16,122
Capital outlay	-	260,000	-	12,500	272,500
Debt service -					
Principal and interest	-	-	224,387	-	224,387
Total expenditures	<u>830,140</u>	<u>307,184</u>	<u>224,387</u>	<u>12,500</u>	<u>1,374,211</u>
Excess (deficiency) of revenues over expenditures	<u>84,949</u>	<u>202,244</u>	<u>(224,387)</u>	<u>378,588</u>	<u>441,394</u>
Other financing sources (uses):					
Transfers in	-	-	224,387	378,112	602,499
Transfers out	-	(602,499)	-	-	(602,499)
Total other financing sources (uses)	<u>-</u>	<u>(602,499)</u>	<u>224,387</u>	<u>378,112</u>	<u>-</u>
Net change in fund balances	84,949	(400,255)	-	756,700	441,394
Fund balances (deficit), beginning	<u>998,715</u>	<u>829,213</u>	<u>4,404</u>	<u>(369,611)</u>	<u>1,462,721</u>
Fund balances, ending	<u>\$ 1,083,664</u>	<u>\$ 428,958</u>	<u>\$ 4,404</u>	<u>\$ 387,089</u>	<u>\$ 1,904,115</u>

(continued)

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Governmental Funds
Year Ended September 30, 2013

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities:

Total net changes in fund balance for the year ended September 30, 2013 per
Statement of Revenues, Expenditures and Changes in Fund Balances \$ 441,394

The change in net position reported for governmental activities in the
statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	272,500
Depreciation expense for the year ended September 30, 2013	<u>(17,554)</u>
	<u>254,946</u>

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds.
Neither transaction, however, has any effect on net position. Also,
governmental funds report the effect of issuance costs, premiums,
discounts, and similar items when debt is first issued, whereas these
amounts are deferred and amortized in the statement of activities

Principal payment	165,000
Change in accrued interest	2,640
Bond issue cost amortized	<u>(2,313)</u>
	<u>165,327</u>

Total changes in net position for the year ended September 30, 2013 per
Statement of Activities \$ 861,667

The accompanying notes are an integral part of the financial statements.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The St. Mary Parish Tourist Commission (the Commission) was created and established on October 23, 1991 by Ordinance 1151 of the St. Mary Parish Council under authority of Act 19 of the Louisiana Legislature of 1975, to be effective February 1, 1992. The Commission is comprised of nine directors, appointed by the St. Mary Parish Council for terms of three years, with three appointments expiring each year, and who serve without compensation. The Commission was formed for the purpose of promoting tourism within the Parish of St. Mary. The Commission has the authority to sue and be sued, to accept grants or donations of every type, to make capital improvements for the purpose of obtaining federal funds, to do all things necessary for promotion, advertisement and publication of information relating to tourist attractions within its jurisdiction. Act 19 as amended, authorized the governing authority of St. Mary Parish to levy and collect a tax not to exceed 4% of the rent or fee for the occupancy of hotel rooms, motel rooms, and overnight camping facilities within the jurisdiction of the Commission to fund the operations of the Commission.

The accounting and reporting policies of the Commission conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513, the *Louisiana Governmental Audit Guide* and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Council is the financial reporting entity for St. Mary Parish. The Governmental Accounting Standards Board established criteria for determining which component units should be considered part of the St. Mary Parish Council for financial reporting purposes. The St. Mary Parish Council appoints a voting majority of the Commission's governing body and can impose its will on the Commission. Based on criterion applied, the Commission is a component unit of the Parish of St. Mary. The accompanying financial statements present information only on the funds maintained by the Commission and do not present information on the St. Mary Parish Council, the general government services provided by the Council, or the other governmental units that comprise the financial reporting entity for St. Mary Parish, Louisiana.

The Commission has no entities or organizations that are required to be included in its financial report as defined by Government Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements (continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the activities of the Commission. The effect of interfund activity has been removed from these statements. Both the government-wide and the fund financial statement categorize primary activities as governmental.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Commission as a whole. These statements include all the financial activities of the Commission. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The Statement of Activities presents a comparison between direct expenses and program revenues for the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function, and therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Commission, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The Commission uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Commission functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Commission or its total assets, liabilities, revenues or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The general fund, special revenue fund, capital project fund, and debt service fund of the Commission are considered to be major funds. The funds of the Commission are described below:

Governmental Funds –

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Commission:

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements (continued)

General Fund

The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund.

Tourism and Economic Growth Special Revenue Fund

The Fund is used to account for the proceeds of specific revenue sources, the expenditures for which are legally restricted for purposes specified by law.

Economic Development Bonds, Debt Service Sinking Fund

The Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Economic Development Bonds, Capital Projects Fund

The Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Hotel/Motel occupancy taxes are recognized in the year when the underlying exchange takes place. Grants and similar items are recognized as revenues in the year for which they are earned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or as soon enough thereafter to pay liabilities for the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Hotel/Motel tax revenue is recognized both when the underlying exchange takes place and in the accounting period in which the revenue becomes susceptible to accrual, when it is measurable and available. Interest income is recorded when received by the Commission.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements (continued)

D. Capital Assets

All capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and building improvements	10-40 years
Improvements other than buildings	10-30 years
Furniture and fixtures	5-12 years
Equipment	5-12 years

E. Interfund Transfers

Permanent allocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between governmental funds have been eliminated.

F. Vacation and Sick Leave

It is the policy of the Commission to allow full-time employees no more than five unused vacation days to be carried over to the following calendar year or to be paid in full at the end of that calendar year. At September 30, 2013 unrecorded liability for accumulated vacations is not material. Upon termination, an employee will be paid for any unused accumulated vacation leave. The Commission allows employees to accumulate earned but unused sick leave benefits. Sick leave is not payable at termination of employment.

G. Interest-Bearing Deposits

Interest bearing deposits include demand deposits, money market accounts and time deposits, which are stated at cost.

H. Investments

Under state law, the Commission may invest in Louisiana Asset Management Pool (LAMP), United States bonds, treasury notes, or certificates. Investments are stated at cost.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements (continued)

I. Equity Classifications

Government-wide financial statements

Equity is classified as net position and displayed in three components:

1. Invested in capital assets, net of related debt - consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by the outstanding balances of any bonds, certificates of indebtedness, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position - consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position - all other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund financial statements

Fund balance for the Commission's governmental funds is displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

1. Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed - amounts that can be used only for specific purposes determined by a formal action of the highest level of decision-making authority for the Commission. Commitments may be established, modified, or rescinded only through formal actions of the Board of Commissioners.
4. Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Commission's policy, only the Board of Commissioners may assign amounts for specific purposes.
5. Unassigned - amounts that are available for any purpose.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements (continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Commission considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Commission considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Commissioners has provided otherwise in its commitment or assignment actions.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates.

(2) Cash and Interest-bearing Deposits

Under state law, the Commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Commission may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. September 30, 2013, the Commission has cash and interest-bearing deposits (book balances) totaling \$939,943 as follows:

Cash on hand	\$ 100
Demand deposits	900,440
Interest-bearing deposits	<u>39,403</u>
Total	<u>\$ 939,943</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2013, deposit balances (bank balances) totaling \$949,774 are secured as follows:

Federal deposit insurance	\$ 289,403
Uninsured and collateralized with securities	<u>660,371</u>
Total	<u>\$ 949,774</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Commission's deposits may not be recovered or the Commission will not be able to recover collateral securities that are in the possession of an outside party. The Commission does not have a policy to monitor or attempt to reduce exposure to custodial credit risk; however, at September 30, 2013 the Commission's total bank balances were fully insured and/or collateralized with securities held by the pledging financial institution's agent in the Commission's name and therefore not exposed to custodial credit risk.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements (continued)

(3) Investments

Investments held at September 30, 2013 consist of \$858,417 in the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB Statements No. 40, *Deposit and Investment Risk Disclosure*, requires the disclosure of credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investments pools:

Credit risk – LAMP is rated AAAM by Standard & Poor's.

Custodial credit risk – LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not with the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk – pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk – 2a7-like investment pool are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.

Foreign currency risk – not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair market value of investments is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements (continued)

(4) Due From Other Governmental Units

Hotel/Motel tax revenues and receivables are recognized when the underlying exchange (room rental) takes place. Receivables due from other governments at September 30, 2013 were recognized by the following governmental funds:

General Fund:

Due from St. Mary Parish Sales and Use Tax Dept \$ 118,127

(5) Capital Assets

Capital assets and depreciation activity as of and for the year ended September 30, 2013 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 135,163	\$ -	-	\$ 135,163
Construction in progress	4,164,676	272,500	-	4,437,176
Total not being depreciated	<u>4,299,839</u>	<u>272,500</u>	-	<u>4,572,339</u>
Capital assets being depreciated:				
Buildings and improvements	254,940	-	-	254,940
Improvements other than buildings	172,628	-	-	172,628
Furniture and office equipment	49,581	-	-	49,581
Exhibits and kiosks	19,809	-	-	19,809
Total being depreciated	<u>496,958</u>	-	-	<u>496,958</u>
Less accumulated depreciation:				
Buildings and improvements	(112,533)	(8,242)	-	(120,775)
Improvements other than buildings	(16,237)	(7,768)	-	(24,005)
Furniture and office equipment	(47,472)	(553)	-	(48,025)
Exhibits and kiosks	(4,952)	(991)	-	(5,943)
Total accumulated depreciation	<u>(181,194)</u>	<u>(17,554)</u>	-	<u>(198,748)</u>
Capital assets, net	<u>\$ 4,615,603</u>	<u>\$ 254,946</u>	<u>\$ -</u>	<u>\$ 4,870,549</u>

Depreciation expense in the amount of \$17,554 was charged to culture and tourism.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements (continued)

In May, 2003, the Commission authorized the design and construction of a Welcome Center and Interpretive Facility (the "Welcome Center") with construction of the Welcome Center beginning in October, 2010. On June 14, 2012, as construction was in progress and nearing completion, the Welcome Center's pile-driven foundation failed causing the structure to settle approximately five feet. While the structure remained intact, the settling resulted in significant damage to the foundation and several aspects of the building's construction. Subsequent evaluations by architects and structural and geotechnical engineers determined that the cost to lift the structure and repair the damage to the foundation and building was substantially less than the costs of demolition of the damaged structure and reconstruction. The total costs to lift the structure and repair the damage to the foundation and building is estimated at \$3,360,782. In January, 2013, a settlement agreement was reached concluding all claims between all parties involved in the design and construction of the Welcome Center. As provided in the agreement, the Commission is only responsible for \$260,000 which is equal to the Commission's remaining responsibility under the original design and construction agreements. All work necessary to lift the structure, repair the damage to the foundation and building, and finalize construction to conform to the original plans for the Welcome Center is ongoing and is estimated to be completed in March, 2014.

The damages sustained by the Welcome Center are an impairment under GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*; however, since the impairment is temporary, the requirement to recognize a loss from the decline in service utility of the Welcome Center does not apply. Accordingly, the actual costs expended by the Commission associated with the original design and construction of the Welcome Center remains in construction in progress.

(6) Interfund Activity

	<u>Transfers in</u>	<u>Transfers out</u>
Tourism and Economic Growth Fund	\$ -	\$ 602,499
Economic Development Bonds, Series 2004 Sinking Fund	224,387	-
Economic Development Bonds, Project	<u>378,112</u>	<u>-</u>
Total	<u>\$ 602,499</u>	<u>\$ 602,499</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements (continued)

(7) Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and natural disasters. The Commission has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. There were no significant changes in coverages, retentions, or limits during the year ended September 30, 2013. Settled claims have not exceeded the commercial coverages in any of the previous three fiscal years.

(8) Retirement Plan

All Commission employees are covered under the Federal Insurance Contribution Act (Social Security). In addition, qualified employees also belong to a SEP/IRA Retirement Plan. The Commission contributed 10% of the gross wages of each qualified employee to their individual SEP/IRA Retirement Plan account for the year ended September 30, 2013. The Commission's contributions to the above plans totaled approximately \$12,782, \$12,352, and \$12,612 for the years ended September 30, 2013, 2012, and 2011, respectively. There were no unfunded contributions at year-end.

(9) Long-Term Debt

The following is a summary of long-term liability transactions of the Commission for the year ended September 30, 2013:

	<u>10/1/2012</u>	<u>Additions</u>	<u>Payments</u>	<u>9/30/2013</u>	<u>One Year</u>
Economic development bonds-					
Series 2004	\$ 1,030,000	\$ -	\$ 110,000	\$ 920,000	\$ 115,000
Series 2009	<u>500,000</u>	<u>-</u>	<u>55,000</u>	<u>445,000</u>	<u>55,000</u>
Total economic development bonds	<u>1,530,000</u>	<u>-</u>	<u>165,000</u>	<u>1,365,000</u>	<u>170,000</u>

The Commission issued \$1,700,000 Economic Development Bonds, Series 2004, during November 2004. The bonds were issued for the purpose of (i) constructing, equipping and furnishing a new welcome center; (ii) constructing the Atchafalaya Golf Course at Idlewild; and (iii) paying the costs of issuance of the bonds. Bond principal matures in varying annual amounts from 2006 to 2020; interest is payable on a semi-annual basis at interest rates varying from 2.70% to 4.6% per annum. Those bonds maturing on or after November 1, 2012 are callable for redemption in full, or in part, any time after November 1, 2011. The bonds are secured by and payable from a pledge and dedication of the excess annual revenues of the Commission.

The Commission also issued \$600,000 Economic Development Bonds, Series 2009, during October 2009. The bonds were issued for the purpose of the costs of constructing, equipping and furnishing a new welcome center. Bond principal matures in varying annual amounts from 2009 to 2019; interest is payable on a semi-annual basis at an interest rate of 3.72% per annum. Those bonds maturing on November 1, 2013, and thereafter, are callable for redemption in full, or in part, any time on or after November 1, 2012. The bonds are secured by and payable from a pledge and dedication of the excess annual revenues of the Commission.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements (continued)

Debt service requirements to maturity are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	170,000	52,840	222,840
2015	180,000	45,882	225,882
2016	185,000	38,535	223,535
2017	195,000	30,823	225,823
2018	200,000	22,706	222,706
2019-2020	435,000	18,784	453,784
Totals	<u>1,365,000</u>	<u>209,570</u>	<u>1,574,570</u>

(10) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Commission is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds are presented as follows:

	<u>General</u>	<u>Tourist and Economic Growth</u>	<u>Economic Development Bonds, Sinking</u>	<u>Economic Development Bonds, Project</u>	<u>Total</u>
Restricted for -					
Capital projects	\$ -	\$ -	\$ -	\$ 387,089	\$ 387,089
Culture and tourism	-	428,958	-	-	428,958
Debt service	-	-	4,404	-	4,404
	<u>\$ -</u>	<u>\$ 428,958</u>	<u>\$ 4,404</u>	<u>\$ 387,089</u>	<u>\$ 820,451</u>
Unassigned	1,083,664	-	-	-	1,083,664
Total fund balances	<u>\$ 1,083,664</u>	<u>\$ 428,958</u>	<u>\$ 4,404</u>	<u>\$ 387,089</u>	<u>\$ 1,904,115</u>

(11) State Appropriated Monies

As provided by the Louisiana Revised Statute 47:302.44 and 47:301(14) (a), the Louisiana State Treasury has created the St. Mary Parish Visitor Enterprise Fund. This fund shall be funded from the excess of sales taxes generated from the hotel/motel industry after all bond obligations of the State have been paid.

The monies in the St. Mary Parish Visitor Enterprise Fund shall be subject to an annual appropriation by the legislature and shall be available exclusively for use by the Commission to fund the development of tourism and other economic growth projects within the parish of St. Mary. All unexpended and unencumbered monies in the fund shall remain in the fund. The monies in the fund shall be invested by the state treasurer in the same manner as the monies in the State of Louisiana general fund, and all interest earned shall be deposited into the state general fund.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements (continued)

For the state fiscal year June 30, 2013 the legislature approved an appropriation in the amount of \$425,000 to the Commission for the St. Mary Parish Visitor Enterprise Fund. The Board of Commissioners has developed guidelines to administer the spending of these funds by the Commission in accordance with the restricted purposes as specified by law. The Commission is accounting for these funds in a special revenue fund.

(12) Compensation of Board Members

Board members for the year ended September 30, 2013 served without compensation and are as follows:

Kim Walden, Chairman
Dale Rogers, Vice Chairman
Sandra Marshall, Secretary
Nelson Cortez, Treasurer
Al Kuhlman
Stan Robison
Don Domino
Herman Hartman
Kristy Toups

(13) New Accounting Pronouncement

During the year ended September 30, 2013, the Commission implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, which provided guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, as applicable.

In April 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections – 2012*. Statement No. 65 clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The provisions of GASB Statement Nos. 65 and 66 must be implemented by the Commission for the year ending September 30, 2014. The effect of implementation of these statements on the Commission's financial statements has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2013

	Original Budget	Amended Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:				
Local Sources-				
Advertising and promotion	\$ 11,900	\$ 7,600	\$ 11,300	\$ 3,700
Expeditions and tours	-	0	17,678	17,678
Hotel/Motel tax	558,000	700,000	717,066	17,066
Intergovernmental	184,157	147,618	168,163	20,545
Interest income	1,000	500	585	85
Miscellaneous income	20,000	17,282	297	(16,985)
Total revenues	<u>775,057</u>	<u>873,000</u>	<u>915,089</u>	<u>42,089</u>
Expenditures:				
Current -				
Culture and tourism				
Advertising and promotion	399,327	417,339	371,045	46,294
Professional fees	207,100	151,400	149,865	1,535
Office expense	44,568	43,133	47,502	(4,369)
Repairs and maintenance	13,178	11,000	16,206	(5,206)
Salaries and related benefits	214,114	200,682	213,849	(13,167)
Travel and conventions	17,800	15,400	15,551	(151)
Utilities	14,444	13,500	16,122	(2,622)
Capital outlay	2,000	-	-	-
Total expenditures	<u>912,531</u>	<u>852,454</u>	<u>830,140</u>	<u>22,314</u>
Net change in fund balances	(137,474)	20,546	84,949	64,403
Fund balance, beginning	<u>998,715</u>	<u>998,715</u>	<u>998,715</u>	<u>-</u>
Fund balance, ending	<u>\$ 861,241</u>	<u>\$ 1,019,261</u>	<u>\$ 1,083,664</u>	<u>\$ 64,403</u>

See accompanying notes to Budgetary Comparison Schedules

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Budgetary Comparison Schedule
Tourism and Economic Growth Fund
Year Ended September 30, 2013

	Original Budget	Amended Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:				
Local Sources-				
Intergovernmental	\$ 297,577	509,300	509,300	\$ -
Interest income	700	150	128	(22)
Miscellaneous income	-	-	-	-
Total revenues	<u>298,277</u>	<u>509,450</u>	<u>509,428</u>	<u>(22)</u>
Expenditures:				
Current -				
Culture and tourism				
Advertising and promotion	48,956	37,956	47,164	(9,208)
Office expense	50	50	20	30
Repairs and maintenance	-	-	-	-
Capital outlay	<u>-</u>	<u>436,000</u>	<u>260,000</u>	<u>176,000</u>
Total expenditures	<u>49,006</u>	<u>474,006</u>	<u>307,184</u>	<u>166,822</u>
Excess of revenues over expenditures	249,271	35,444	202,244	166,800
Other financing uses:				
Transfers out	<u>(808,914)</u>	<u>(426,887)</u>	<u>(602,499)</u>	<u>(175,612)</u>
Net change in fund balances	(559,643)	(391,443)	(400,255)	(8,812)
Fund balance, beginning	<u>829,213</u>	<u>829,213</u>	<u>829,213</u>	<u>-</u>
Fund balance, ending	<u>\$ 269,570</u>	<u>\$ 437,770</u>	<u>\$ 428,958</u>	<u>\$ (8,812)</u>

See accompanying notes to Budgetary Comparison Schedules

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Budgetary Comparison Schedules

(1) **Basis of Accounting**

The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Commission.

(2) **Budgets and Budgetary Accounting**

The Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Executive Director of the Commission prepares a proposed budget for the general and special revenue funds and submits them to the board for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection.
3. A public hearing is held on the proposed budget after publication of the call for the hearing.
4. The Commission approves and adopts total budget revenue and expenditures only. The Commission transfers budget amounts between expenditure classifications within the General and Special Revenue Funds.
5. All budgetary appropriations lapse at the end of each fiscal year.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Commissioners
St. Mary Parish Tourist Commission
Patterson, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the St. Mary Parish Tourist Commission (the Commission), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated March 27, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses which are described in the accompanying schedule of audit results and findings as items 2013-1 and 2013-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit results and findings as items 2013-3, 2013-4 and 2013-5.

Commission's Response to Findings

The Commission's responses to the findings identified in our audit are included in the accompanying corrective action plan for current year findings. The Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 27, 2014

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Schedule of Audit Results and Findings
Year Ended September 30, 2013

Part I. Summary of Auditor's Results:

Unmodified opinions were issued on the financial statements of the Commission's governmental activities and each major fund.

Material weaknesses in internal control were disclosed by the audit of the financial statements.

Three (3) instances of noncompliance which are material to the financial statements and required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.

A management letter was not issued.

Part II. Findings required to be reported in accordance with *Government Auditing Standards*:

A. Internal Control

2013-1 – Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Commission's internal control over financial reporting includes those policies and procedures that pertain to the Commission's ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2013

2013-2 – Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

CRITERIA: An entity's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The condition results from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related notes may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

B. Compliance -

2013-3 – Publication of Proposed Budget and Public Hearing

CONDITION: The Commission did not publish the availability of the proposed budget for the year ended September 30, 2013 and did not publish a notice of the time and date of the public hearing to be held on the proposed budget.

CRITERIA: When proposed expenditures of a political subdivision are expected to exceed \$500,000 from the general fund and any special revenue fund, RS 39:1306(A) requires public participation. As part of the public participation process, RS 39:1307(B) requires that "upon completion of the proposed budget and, if applicable, its submission to the governing authority, the political subdivision shall cause to be published a notice stating that the proposed budget is available for public inspection. The notice shall also state that a public hearing on the proposed budget shall be held with the date, time, and place of the hearing specified in the notice. The notice shall be published at least ten days prior to the date of the first public hearing."

Further, for entities subject to public participation, RS 39:1307(C) states "no proposed budget shall be considered for adoption or otherwise finalized until at least one public hearing has been conducted on the proposal."

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2013

CAUSE: The condition results from a failure to comply with statutory requirements.

EFFECT: The Commission may not be in compliance with certain provision of RS 39:1301 set seq, the Local Government Budget Act.

RECOMMENDATION: We recommend the Commission comply with the provision of the Local Government Budget Act by publishing a notice of availability of the proposed budget and publishing a notice containing the time and date of the public hearing of the budget being considered.

2013-4 – Publication of Minutes of Board Meetings

CONDITION: The Commission did not publish the proceedings of its board in a newspaper.

CRITERIA: RS 33:4574(F) designates tourist commissions, once created, a political subdivision of the state. RS 43:171(A)(1) requires, in part "...other political subdivisions of the state and parishes, shall have the proceedings of their board and such other financial statements required by and furnished to the legislative auditor published in a newspaper."

As required by RS 42:20(B), "minutes shall be public records and shall be available within a reasonable time after the meeting."

CAUSE: The condition results from a failure to comply with statutory requirements.

EFFECT: The Commission may not have complied with the provision of RS 43:171.

RECOMMENDATION: We recommend the Commission comply with its policies and procedures and publish the proceedings of its board in a newspaper.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2013

2013-5 – Payment of Retroactive Compensation

CONDITION: The Commission awarded a 3% retroactive pay increase for the executive director and office manager.

CRITERIA: Article VII, Section 14(A) of the Louisiana Constitution of 1974 provides in part:

“Except as otherwise provided in this Constitution, the funds, credit, property, or things of value of the State or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.”

The Louisiana Attorney General has previously opined that salary adjustments should be related only to future services and the giving of retroactive salary increases to public employees would constitute remuneration for services already rendered and compensated and, as such, violate Article VII Section 14.

Further, in McElveen v. Callahan, 309 So.2nd 379 (3rd Cir. 1975) the Court stated, “payments, to be legal, must be in the form of salary increases for the future, not extra compensation for past services rendered.”

CAUSE: The condition results from a failure to review and evaluate the legalities of retroactive compensation.

EFFECT: The Commission may have violated the provisions of Article VII, Section 14(A) of the Louisiana Constitution of 1974.

RECOMMENDATION: We recommend the Commission institute policies and procedures regarding retroactive pay increases to ensure compliance with constitutional prohibitions.

Part III: Findings and questioned costs for federal awards reported in accordance with Office of Management and Budget Circular A-133:

The requirements of OMB Circular A-133 do not apply to the Commission.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2013

A. Internal Control –

2012-1 – Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: See schedule of audit results and findings item 2013-1.

B 2012-2 - Financial Reporting –

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

CURRENT STATUS: See schedule of audit results and findings item 2013-2.

C. OMB A-133 –

This section was not applicable.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Corrective Action Plan For Current Year Findings
Year Ended September 30, 2013

2013-1 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT'S RESPONSE: Not considered necessary.

2013-2 – Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

MANAGEMENT'S RESPONSE: The financial reporting process will continue to be outsourced to the Commission's external auditors due to the increased costs necessary to correct the condition.

2013-3 – Publication of Proposed Budget and Public Hearing

CONDITION: The Commission did not publish the availability of the proposed budget for the year ended September 30, 2013 and did not publish a notice of the time and date of the public hearing to be held on the proposed budget.

MANAGEMENT'S RESPONSE: We will publish proposed budget and public hearing notice in a timely manner for year 2014-2015 in the legal section of the newspaper.

2013-4 – Publication of Minutes of Board Meetings

CONDITION: The Commission did not publish the proceedings of its board in a newspaper.

MANAGEMENT'S RESPONSE: We will publish board minutes in the legal section of the newspaper.

2013-5 – Payment of Retroactive Compensation

CONDITION: The Commission awarded a 3% retroactive pay increase for the executive director and office manager.

MANAGEMENT'S RESPONSE: The board will no longer award retroactive pay increases for any employees.